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3/18/2002



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

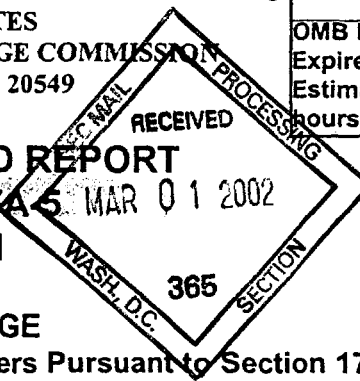
**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

OMB APPROVAL
OMB Number: 3235-0123
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8-10438



REPORT FOR THE PERIOD BEGINNING 1/1/01 AND ENDING 12/31/01
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

FIRST MANHATTAN CO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

437 MADISON AVENUE

OFFICIAL USE ONLY

FIRM ID. NO.

NEW YORK **NY** **10022**
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

JOHN A. CAREY **(212) 756-3142**

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ernst & Young LLP

787 Seventh Avenue **New York** **NY** **10019**
(Address) (City) (State) (Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 21 2002

THOMSON
FINANCIAL

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

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OATH OR AFFIRMATION

I, MICHAEL P. HELMICK, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of FIRST MANHATTAN CO., as of DECEMBER 31, 2001, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Michael P. Helmick

Signature

Operations Partner

Title

Evelynita T. Gedorio

Notary Public

EVELYNITA T. GEDORIO
NOTARY PUBLIC, State of New York
No. 60-4992570
Qualified in Kings County

This report** contains (check all appropriate boxes) Expires March 23, 2002

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Operations.
- ☐ (d) Statement of Cash Flows.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims or Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A or Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☐ (o) Schedule of Segregation Requirements and Funds in Segregation for Customers Trading on U.S. Commodity Exchanges.
- ☐ (p) Statement of Secured Amount and Funds Held in Separate Accounts for Foreign Futures and Options Customers Pursuant to Commission Regulation 30.7.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

OATH OR AFFIRMATION

To the best of our knowledge and belief, the accompanying statement of financial condition pertaining to the firm of First Manhattan Co. at December 31, 2001 is true and correct. We further affirm that neither the firm nor any partner has any proprietary interest in any account classified solely as that of a customer and that the statement of financial condition of the firm is made available to all firm members and allied members of the New York Stock Exchange, Inc.

Neal K. Bora

Partner

Michael P. Helmick

Partner

Evelynita T. Gedoro
Notary Public

EVELYNITA T. GEDORO
NOTARY PUBLIC, State of New York
No. 60-4992570
Qualified in Kings County
Commission Expires March 23, 2002

STATEMENT OF FINANCIAL CONDITION

First Manhattan Co.

December 31, 2001
with Report of Independent Auditors

First Manhattan Co.

Statement of Financial Condition

December 31, 2001

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Report of Independent Auditors

The Partners
First Manhattan Co.

We have audited the accompanying statement of financial condition of First Manhattan Co. (the "Firm") as of December 31, 2001. This statement of financial condition is the responsibility of the management of the Firm. Our responsibility is to express an opinion on the statement of financial condition based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of financial condition. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of First Manhattan Co. at December 31, 2001 in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

February 18, 2002

First Manhattan Co.

Statement of Financial Condition

December 31, 2001

Assets

Cash in banks	\$ 3,085,029
U.S. Treasury obligations, at market, deposited in a special reserve bank account for the exclusive benefit of customers	997,230
Receivable from clearing broker, net	1,683,120
Investment advisory fees receivable	2,995,483
Investments owned by the Firm or contributed as capital by partners, at market or fair value:	
U.S. Government securities	20,845,863
Other	8,692,011
Secured demand notes receivable, fully collateralized	11,640,000
Exchange memberships, at adjusted cost (market value—\$2,200,000)	31,000
Fixed assets, net of accumulated depreciation and amortization of \$4,543,380	1,470,529
Other assets	981,276
	<u>\$ 52,421,541</u>

Liabilities and net worth

Accounts payable and accrued expenses	\$ 7,938,847
Secured demand notes	11,640,000
Total liabilities	<u>19,578,847</u>
Net worth	32,842,694
	<u>\$ 52,421,541</u>

First Manhattan Co.

Notes to Statement of Financial Condition

December 31, 2001

1. First Manhattan Co. (the "Firm") is a broker-dealer registered with the Securities and Exchange Commission and is a member of the New York Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. The Firm is engaged in the business of providing investment advisory and securities brokerage services. Effective March 17, 1999, the Firm entered into a fully disclosed clearing agreement with the Pershing Division of Donaldson, Lufkin & Jenrette Securities Corporation ("Pershing") pursuant to which Pershing provides certain clearing and related functions. Under this arrangement, Pershing, under the Firm's continuing supervision, assumes the physical custody of, and conducts the brokerage settlement activities for, accounts of the Firm's clients.
2. Secured demand notes from partners (maturing January 31, 2010) are collateralized by marketable securities and cash. By agreement, collateral in excess of the face amount of the notes, amounting to \$5,998,859 has also been contributed by the partners.
3. The Firm is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1 and has elected to compute its net capital requirement in accordance with the Alternative Net Capital Requirement. Under this alternative, net capital, as defined, shall not be less than 2% of aggregate debit items, as defined, arising from customer transactions. At December 31, 2001, the Firm had net capital, as defined, of \$32,037,236 which exceeded required net capital of \$250,000 by \$31,787,236.